*You should read the following discussion and analysis in conjunction with our consolidated financial statements, included in the Accountants' Report in Appendix I, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with the International Financial Reporting Standards ("**IFRS**").*

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in "Risk Factors" and "Forward-Looking Statements" and elsewhere in this document.

OVERVIEW

We are the largest Chinese-style QSR company in China by number of stores, according to CIC, as of December 31, 2025. Anchored by Yuen Kee Dumpling, our restaurant brand, we position freshly hand-wrapped, freshly cooked as a core operational framework, while serving dumplings, wontons and related products in both RTE and RTC formats. In addition, we expand our business coverage through Yuen Kee Taste, our retail brand, offering pre-packaged dumplings and wontons through various sales channels. Together with our Yuen Kee Dumpling brand, this structure broadens our growth opportunities and compounds brand impact across catering and retail consumers, which in turn reflects our integrated restaurant and retail business model.

During the Track Record Period, we generated revenue from sale of goods and provision of franchising services. The majority of our revenue during the Track Record Period was generated from the sale of goods to our franchisees. Our revenue increased by 26.4% from RMB2,026.1 million in 2023 to RMB2,561.1 million in 2024, and further increased by 9.1% to RMB2,795.1 million in 2025. Our revenue increased by 39.8% from RMB934.0 million in the five months ended May 31, 2025 to RMB1,305.5 million in the five months ended May 31, 2026. Our adjusted net profit (non-IFRS measure) remained relatively stable at RMB178.6 million in 2023 and RMB180.0 million in 2024, and further increased by 45.8% to RMB262.4 million in 2025. Our adjusted net profit (non-IFRS measure) significantly increased from RMB70.0 million in the five months ended May 31, 2025 to RMB184.6 million in the five months ended May 31, 2026.

BASIS OF PREPARATION

In anticipation of the [**REDACTED**], the redemption rights of ordinary shares issued to Pre-[**REDACTED**] investor has been irrecoverably terminated and shall be void ab initio as described in Note 30 of the Accountants' Report in Appendix I. Having taking into account the legal and regulatory framework of our Company's jurisdiction and the governing law of the related agreements, our Directors considered that it is appropriate to present the Pre-[**REDACTED**] Investments as equity throughout the Track Record Period. For the details of financial impacts, see Note 30 of the Accountants' Report in Appendix I to this document.

The historical financial information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**IASB**").

All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2026, together with the relevant transitional provisions, have been consistently applied by the Group in the preparation of the Historical Financial Information and the Interim Comparative Financial Information.

The historical financial information has been prepared under the historical cost convention, except for financial investments at fair value through profit or loss which have been measured at fair value.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial position have been and are expected to be, continuously and materially affected by a number of factors, including the following:

General Factors

Our business and results of operations are impacted by general factors affecting the development of our industry, which include: (i) macroeconomic conditions in China and globally; (ii) growth and competition environment of the Chinese-style QSR industry in China; (iii) relevant laws and regulations, governmental policies and initiatives affecting the Chinese-style QSR industry in China; and (iv) occurrence of force majeure events, outbreak of pandemics or epidemics, acts of war, social and economic chaos and natural disasters. Unfavorable changes and any challenges in any of these general industry conditions could affect the demand for our services and hence our results of operations.

Company-specific Factors

In addition to the above-mentioned general factors, we recognize that the following specific factors, although offering significant opportunities for our business, present challenges that we must effectively address to sustain our growth and improve our results of operations:

Consumer Demands for Chinese-style QSR

Our results of operations have been and will continue to be dependent on customer demand for Chinese-style QSR. According to CIC, China's Chinese- style QSR market was RMB867.9 billion in 2025 and is projected to grow at a CAGR of 8.9% to reach RMB1,329.6 billion by 2030. China's dumpling and wonton industry reached RMB189.3 billion in 2025 and is projected to grow at a CAGR of 9.4% to reach RMB296.3 billion by 2030, driven by continuous consumption upgrade and category innovation. We are expected to continue benefiting from the rising customer demand for Chinese-style QSR alongside China's continuous macroeconomic growth. Customer demand is shifting towards freshness, convenience and broader geographic coverage. As the largest Chinese-style QSR company in China by number of stores as of December 31, 2025, according to CIC, we believe that our distinctive "restaurant + retail" integration model, innovating product matrix, robust and resilient supply chain, end-to-end digital operating system and experienced leadership team as well as a mature talent engine well-position us to capture the opportunities in China's Chinese-style QSR industry.

Store Network Expansion and Management

Our revenue is primarily driven by the scale of our store network. Our future revenue growth depends on our ability to expand our store network and improve the performance of stores. From January 1, 2023 to May 31, 2026, our total number of stores increased from 1,990 to 4,773. We have achieved nationwide coverage while maintaining localized operational strategies tailored to different regions. As of May 31, 2026, we covered 33 provinces, autonomous regions, special administration regions and municipalities in China, spanning more than 250 cities. In parallel, we opened our first overseas store in Singapore at the end of 2024 and have continued to expand overseas through 2025. The expansion of our store network to a large extent drove the increase in our revenue by 26.4% from RMB2,026.1 million in 2023 to RMB2,561.1 million in 2024, and further by 9.1% to RMB2,795.1 million in 2025. Our revenue also increased by 39.8% from RMB934.0 million in the five months ended May 31, 2025 to RMB1,305.5 million in the five months ended May 31, 2026.

We value store management. We primarily expand our store network through a franchise model and also operated a small number of self-operated stores during the Track Record Period. Our total number of franchisees increased from 1,257 as of January 1, 2023 to 2,304 as of May 31, 2026. We work closely with our franchisees across all major facets of store operations to align our core values with their entrepreneurial pursuits. Franchisees benefit from our brand equity, operating know-how and shared resources. Meanwhile, with day-to-day store management carried out by franchisees in strict accordance with our standard operating procedures, we can focus on brand building, product development and refinement, strengthening supply chain capabilities, scaling the network, and improving store performance across the system.

We believe our ability to further expand our store network and manage our stores leads to more sustainable demands from franchisees and consumers, driving future growth in our revenue.

Our Product Portfolio Which Enhance Our Competitiveness

Our product offerings are critical to our results of operations. We have developed a diversified product portfolio under our major brand Yuen Kee Dumpling, and pre-packaged food products which we subsequently introduced under our Yuen Kee Taste brand. Yuen Kee Dumpling offers a diversified product portfolio across five core categories: dumplings, wontons, noodles, small bites and beverages, comprising more than 350 SKUs nationwide as of May 31, 2026. During the Track Record Period, we introduced over 200 new SKUs. Yuen Kee Taste offered 22 SKUs nationwide, as of May 31, 2026. These products are sold across supermarket and retail chains across China. We also strive to continually design new products to meet the evolving consumer demands. We believe that our sustainable growth depends on our capability of continuously optimizing and enriching our product portfolio with quality product selection that caters to evolving consumer needs.

Our Supply Chain Capabilities

We believe our long-term growth depends in part on our ability to continue efficiently managing the supply chain. A majority of our cost of sales is cost of raw materials. Our costs of raw materials accounted for 86.4%, 85.9%, 86.3%, 83.6% and 83.0% of our total cost of sales in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively. We are exposed to risk arising from the increase in the cost of ingredients used in our products. See "Risk Factors — Risks Related to Our Business and Industry — We rely on third-party suppliers and other business partners to provide raw materials and services to us." Our ability to maintain a stable and efficient supply chain and our ability to purchase raw materials at competitive prices are essential for our cost control, profitability and cash flow.

The following table sets forth the sensitivity analysis of hypothetical fluctuation in the prices of raw materials during the Track Record Period, assuming all other factors remain unchanged:

	Increase/decrease in the prices of raw materials					
	+10%	-10%	+20%	-20%	+30%	-30%
	(RMB in millions)					
Increase/(decrease) in profit before tax						
FY2023	(93.8)	93.8	(187.7)	187.7	(281.5)	281.5
FY2024	(111.8)	111.8	(223.6)	223.6	(335.3)	335.3
FY2025	(124.4)	124.4	(248.8)	248.8	(373.3)	373.3
Five months ended May 31, 2026	(56.4)	56.4	(112.8)	112.8	(169.2)	169.2

MATERIAL ACCOUNTING POLICY INFORMATION

We have identified certain accounting policies that are significant to the preparation of our financial statements. Material accounting policies that are significant for understanding our financial condition and results of operations are set forth in detail in Note 2.4 of the Accountants' Report in Appendix I to this document. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Actual results could differ from those estimates. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and other factors that we believe to be relevant under the circumstances. Our management has discussed the development, selection and disclosure of these estimates with our Board of Directors. Since our financial reporting process inherently relies on the use of estimates and assumptions, actual results may differ from these estimates under different assumptions or conditions. When reviewing our financial statements, you should consider (i) our selection of key accounting policies, (ii) the judgment and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions. We believe that the material accounting policy information and estimates such as basis of consolidation, revenue from contracts with customers, and leases as detailed in Note 2.4 of the Accountants' Report in Appendix I to this document are critical and involve the most important estimates and judgments we used in preparing our financial statements.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statements of profit or loss for the years/periods indicated:

	Year ended December 31,			Five Months ended May 31,	
	2023	2024	2025	2025	2026
	(RMB in thousands)			*(Unaudited)*	
Revenue	2,026,120	2,561,117	2,795,104	934,007	1,305,522
Cost of sales	(1,500,958)	(1,973,318)	(2,098,263)	(717,028)	(934,619)
Gross profit	**525,162**	**587,799**	**696,841**	**216,979**	**370,903**
Other income and gains	6,916	8,942	21,653	6,956	32,795
Selling and marketing expenses	(76,960)	(125,888)	(136,917)	(42,143)	(65,977)
Administrative expenses	(199,222)	(239,444)	(279,295)	(91,092)	(120,350)
(Impairment loss)/reversal of impairment loss on financial assets, net	(15,116)	(832)	(1,857)	38	(2,308)
Other expenses	(7,086)	(8,787)	(10,749)	(4,732)	(3,329)
Finance costs	(4,182)	(6,778)	(7,939)	(3,651)	(2,435)
Share of profits and losses of associates	1,427	342	7,685	552	7,128
Share of loss of a joint venture	–	–	(209)	–	(125)
Profit before tax	**230,939**	**215,354**	**289,213**	**82,907**	**216,302**
Income tax expense	(63,833)	(73,397)	(90,473)	(25,831)	(58,997)
Profit for the year/period	167,106	141,957	198,740	57,076	157,305

PRE-[REDACTED] INVESTMENTS AND SHARE CAPITAL

We have completed series rounds of Pre-[**REDACTED**] Investments. For further details of the identity and background of the Pre-[**REDACTED**] Investors and the principal terms of the Pre-[**REDACTED**] Investments, please see "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments" in this document.

Pursuant to the shareholders' agreement (the "**Supplemental Agreement**") entered into on June 6, 2023, if any redemption events occur in respect of the specified company, the investor shall have the right to require our Company, the controlling shareholders, or the de facto controller to repurchase their equity interests. As agreed by all parties through negotiation, pursuant to the Supplemental Agreement, the provisions in the Supplemental Agreement regarding our Company's obligation to redeem shares are deemed void ab initio (i.e, null and void from the date of our Company's conversion into a joint stock company). At the same time, it is stipulated that the redemption obligation of the Company shall not be reinstated. In anticipation of the [**REDACTED**], the redemption rights have been irrecoverably terminated and shall be void ab initio. For details on the accounting treatment of redemption rights of Pre-[**REDACTED**] investments, see Note 30 to the Accountants' Report set out in Appendix I to this document.

NON-IFRS FINANCIAL MEASURE

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net profit (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with IFRS. We believe this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company by eliminating potential impacts of certain items. We believe this measure provides useful information to investors and others in understanding and evaluating our combined results of operations in the same manner as they help our management. However, such non-IFRS financial measure we presented may not be directly comparable to similar measures presented by other companies. The use of this non-IFRS measure should not be considered as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net profit (non-IFRS measure) as profit for the year adding back (i) share-based payments included in operating expenses, (ii) share-based payments as deduction to revenue, and (iii) [**REDACTED**] expenses. The following table reconciles our adjusted net profit (non-IFRS measure) with profit for the year/period which is presented in accordance with IFRS:

	Year ended December 31,			Five Months ended May 31,	
	2023	2024	2025	2025	2026
	(RMB in thousands)				
				(Unaudited)	
Profit for the year/period	167,106	141,957	198,740	57,076	157,305
Add:					
– Share-based payments included in operating expenses[(1)]	8,306	38,088	52,819	12,894	17,357
– Share-based payments as deduction to revenue[(1)]	3,140	–	3,701	–	–
– [**REDACTED**]expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Adjusted net profit (*non-IFRS measure*)	**178,552**	**180,045**	**262,353**	**69,970**	**184,552**

Note:

(1) Share-based payment expense included in operating expenses and share-based payments as deduction to revenue are non-cash in nature and represent the arrangement under which we receive services from certain eligible employees as consideration for our equity instrument and which was made to foster long-term mutually-beneficial collaboration with certain eligible business partners. See "History, Development and Corporate Structure — Corporate Structure Immediately Before Completion of the [**REDACTED**]." These business partners included a franchisee, some suppliers and other people in our industry who may provide us with insights and industry resources that potentially contribute to our future business expansion. Share-based payments included in operating expenses and share-based payments as deduction to revenue are not expected to result in future cash payments.

Our adjusted net profit (non-IFRS measure) remained relatively stable at RMB178.6 million in 2023 and RMB180.0 million in 2024. Our adjusted net profit (non-IFRS measure) increased by 45.8% from RMB180.0 million in 2024 to RMB262.4 million in 2025. Such increase was primarily due to an increase in our profit for the year, an increase in share-based payments included in operating expenses and an increase in [**REDACTED**] expenses. Our adjusted net profit (non-IFRS measure) significantly increased from RMB70.0 million in the five months ended May 31, 2025 to RMB184.6 million in the five months ended May 31, 2026. Such increase was primarily due to an increase in our profit for the period and an increase in share-based payments included in operating expenses and [**REDACTED**] expenses. See "— Period-to-Period Comparison of Results of Operations."

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

Our revenue was primarily derived from (i) sales of goods, mainly consisting of sales through our franchise network and sales through other channels, such as online platforms, self-operated stores, and distributors; and (ii) provision of franchising services, primarily representing brand licensing and authorization, and management services provided to our franchisees.

The following table sets forth our revenue breakdown by business line, in absolute amount and as a percentage of our total revenue, for the years/periods indicated:

	Year ended December 31,						Five Months ended May 31,			
	2023		2024		2025		2025		2026	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)						*(Unaudited)*			
Sale of goods	1,937,809	95.6	2,429,378	94.9	2,656,629	95.1	886,353	94.9	1,241,163	95.0
Provision of franchising services	87,847	4.3	116,601	4.6	132,455	4.7	45,212	4.8	63,431	4.9
Others[(1)]	464	0.0	15,138	0.6	6,020	0.2	2,442	0.3	928	0.1
Total	**2,026,120**	**100.0**	**2,561,117**	**100.0**	**2,795,104**	**100.0**	**934,007**	**100.0**	**1,305,522**	**100.0**

Note:

(1) Mainly include sales of scraps and rebate from e-commerce platforms for meeting certain thresholds of sales amount.

The following table sets forth our revenue from sales of goods and others by ingredients sold to franchisees, food sold at self-operated stores, and pre-packaged foods sold to end-customers (namely our Yuen Kee Taste business), in absolute amount and as a percentage of our total revenue, for the years/periods indicated:

	Year ended December 31,						Five Months ended May 31,			
	2023		2024		2025		2025		2026	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)						*(Unaudited)*			
Ingredients sold to franchisees										
Fillings	1,209,221	59.7	1,466,196	57.2	1,495,600	53.5	515,342	55.2	642,673	49.2
Wrappers	254,433	12.6	300,789	11.7	324,269	11.6	109,413	11.7	148,178	11.4
Condiments	148,135	7.3	217,676	8.5	246,057	8.8	83,483	9.0	122,589	9.4
Packaging	141,857	7.0	212,345	8.3	264,711	9.5	80,433	8.6	124,451	9.5
Others	92,109	4.5	131,543	5.1	174,543	6.3	53,068	5.7	103,582	7.9
Food sold at self-operated stores	**38,083**	**1.9**	**52,804**	**2.1**	**61,337**	**2.2**	**21,634**	**2.3**	**31,337**	**2.4**
Pre-packaged foods sold to end-customers	**54,435**	**2.7**	**63,163**	**2.5**	**96,132**	**3.4**	**25,422**	**2.7**	**69,281**	**5.3**
Total[(1)]	**1,938,273**	**95.7**	**2,444,516**	**95.4**	**2,662,649**	**95.3**	**888,795**	**95.2**	**1,242,091**	**95.1**

Note:

(1) Represent the total of sales of goods and others from the table above.

Cost of Sales

Our cost of sales primarily consisted of (i) material cost, mainly representing procurement costs for meat, flour and other raw materials, (ii) transportation cost, (iii) labor cost, (iv) depreciation and amortization, and (v) franchise management and service cost.

The following table sets forth the breakdown of our cost of sales by nature, in absolute amount and as a percentage of our total cost of sales, for the years/periods indicated:

	Year ended December 31,						Five Months ended May 31,			
	2023		2024		2025		2025		2026	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)						*(Unaudited)*			
Material cost	1,296,754	86.4	1,695,705	85.9	1,810,585	86.3	598,847	83.6	775,343	83.0
Transportation cost	73,138	4.9	95,626	4.8	98,117	4.7	36,091	5.0	47,726	5.1
Labor cost	41,504	2.8	50,092	2.5	57,863	2.8	29,158	4.1	40,975	4.4
Depreciation and amortization	29,498	2.0	45,770	2.3	46,598	2.2	19,481	2.7	21,940	2.3
Franchise management and service cost	17,715	1.2	20,136	1.0	21,164	1.0	8,828	1.2	10,200	1.1
Others	42,349	2.7	65,989	3.5	63,936	3.0	24,623	3.4	38,435	4.1
Total	**1,500,958**	**100.0**	**1,973,318**	**100.0**	**2,098,263**	**100.0**	**717,028**	**100.0**	**934,619**	**100.0**

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales, and our gross margin represents gross profit divided by our revenue, expressed as a percentage.

The following table sets forth the gross profit and gross profit margin by business line for the years/periods indicated:

	Year ended December 31,						Five Months ended May 31,			
	2023		2024		2025		2025		2026	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)									
							(Unaudited)			
Sale of goods	454,866	23.5	477,159	19.6	580,558	21.9	178,381	20.1	317,084	25.5
Provision of franchising services	70,132	79.8	96,465	82.7	111,291	84.0	36,384	80.5	53,231	83.9
Others	164	35.3	14,175	93.6	4,992	82.9	2,214	90.7	588	63.4
Total	**525,162**	**25.9**	**587,799**	**23.0**	**696,841**	**24.9**	**216,979**	**23.2**	**370,903**	**28.4**

The following table sets forth our gross profit and gross profit margin from sales of goods and others by ingredients sold to franchisees, food sold at self-operated stores, and prepackaged foods sold to end-customers (namely our Yuen Kee Taste business) for the years/periods indicated:

	Year ended December 31,						Five Months ended May 31,			
	2023		2024		2025		2025		2026	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)									
							(Unaudited)			
Ingredients sold to franchisees										
Fillings	364,193	30.1	388,798	26.5	446,247	29.8	144,793	28.1	231,994	36.1
Wrappers	42,816	16.8	47,056	15.6	68,178	21.0	22,020	20.1	30,407	20.5
Condiments	20,921	14.1	25,524	11.7	15,006	6.1	4,116	4.9	10,423	8.5
Packaging	10,027	7.1	20,584	9.7	21,731	8.2	6,875	8.5	14,094	11.3
Others	8,155	8.9	11,346	8.6	14,331	8.2	3,049	5.7	8,198	7.9
Food sold at self-operated stores	**(2,842)**	**(7.5)**	**(10,365)**	**(19.6)**	**(2,547)**	**(4.2)**	**(2,915)**	**(13.5)**	**(3,158)**	**(10.1)**
Pre-packaged foods sold to end-customers	**11,760**	**21.6**	**8,391**	**13.3**	**22,604**	**23.5**	**2,657**	**10.5**	**25,714**	**37.1**
Total/Sum	**455,030**	**23.5**	**491,334**	**20.1**	**585,550**	**22.0**	**180,595**	**20.3**	**317,672**	**25.6**

Other Income and Gains

Our other income and gains primarily included (i) interest income, mainly representing interest income from bank deposits; (ii) government grants, mainly representing subsidies from the local government to support and encourage technological upgrades for local businesses. These government grants are unconditional and of non-recurring nature; (iii) realized fair value gains on disposal of financial assets at fair value through profit or loss, mainly representing the realized

gains of wealth management products. See discussions of current and non-current financial investments at fair value through profit or loss in "— Discussion of Key Items of Consolidated Statements of Financial Position;" (iv) unrealized fair value gains on financial assets at fair value through profit or loss, mainly unlisted investments and wealth management products. See discussions of current and non-current financial investments at fair value through profit or loss in "— Discussion of Key Items of Consolidated Statements of Financial Position;" and (v) compensation received from franchisees, mainly representing penalties collected from franchisees for non-compliance with our food safety, product quality and operational standards identified through our routine monitoring and supervision of franchised stores. Such penalties were imposed in accordance with our internal penalty policies, which were intended to strengthen quality control, ensure food safety and standardize store operations. Our other income and gains amounted to RMB6.9 million, RMB8.9 million, RMB21.7 million, RMB7.0 million and RMB32.8 million in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively. See Note 6 to the Accountants' Report set out in Appendix I to this document.

Selling and Marketing Expenses

Our selling and marketing expenses primarily included (i) advertising and promotion expenses, (ii) employee compensation, (iii) warehousing and logistic expenses, (iv) share-based payments, (v) transportation and travel expenses, and (vi) depreciation and amortization.

The following table sets forth a breakdown of our selling and marketing expenses, in absolute amount and as a percentage of our total selling and marketing expenses, for the years/periods indicated:

	Year ended December 31,						Five Months ended May 31,			
	2023		2024		2025		2025		2026	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)									
							(Unaudited)			
Advertising and promotion expenses	17,194	22.3	45,054	35.7	55,173	40.3	11,896	28.2	23,422	35.5
Employee compensation	31,470	40.9	35,245	28.0	36,056	26.3	13,668	32.4	18,791	28.5
Warehousing and logistic expenses	16,595	21.6	23,175	18.4	25,338	18.5	9,128	21.7	11,562	17.6
Share-based payments	166	0.2	5,527	4.4	4,630	3.4	1,653	3.9	2,101	3.2
Transportation and travel expenses	2,440	3.2	3,600	2.9	3,512	2.6	901	2.1	1,899	2.9
Depreciation and amortization	1,181	1.5	3,503	2.8	3,974	2.9	1,752	4.2	1,625	2.5
Others[(1)]	7,914	10.3	9,784	7.8	8,234	6.0	3,145	7.5	6,577	9.8
Total	**76,960**	**100.0**	**125,888**	**100.0**	**136,917**	**100.0**	**42,143**	**100.0**	**65,977**	**100.0**

Note:

(1) Others primarily include lease expenses and energy consumption expenses.

Administrative Expenses

Our administrative expenses primarily included (i) employee compensation, (ii) share-based payments, (iii) transportation, travel and office expenses, (iv) depreciation and amortization, (v) technical service fee, (vi) professional service fee, and (vii) research and development expenditure.

The following table sets forth a breakdown of our administrative expenses, in absolute amount and as a percentage of our total administrative expenses, for the years/periods indicated:

	Year ended December 31,						Five Months ended May 31,			
	2023		2024		2025		2025		2026	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)									
							(Unaudited)			
Employee compensation	126,488	63.5	133,460	55.7	144,814	51.9	55,285	60.7	62,575	52.0
Share-based payments	8,140	4.1	32,561	13.6	48,189	17.3	11,241	12.3	15,256	12.7
Transportation, travel and office expenses	18,557	9.3	22,532	9.4	24,718	8.9	6,865	7.5	9,627	7.9
Depreciation and amortization	11,912	6.0	15,693	6.6	17,139	6.1	6,980	7.7	7,126	5.9
Technical service fee	9,044	4.5	7,816	3.3	8,718	3.1	1,726	1.9	2,973	2.5
Professional service fee	7,925	4.0	7,634	3.2	7,353	2.6	1,245	1.4	3,039	2.5
Research and development expenditure	3,958	2.0	3,370	1.4	6,181	2.2	2,120	2.3	3,193	2.7
[REDACTED] expense	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others[(1)]	13,198	6.6	16,378	6.8	15,090	5.4	5,630	6.2	6,671	5.6
Total	**199,222**	**100.0**	**239,444**	**100.0**	**279,295**	**100.0**	**91,092**	**100.0**	**120,350**	**100.0**

Note:

(i) Others primarily include lease expenses, energy consumption expenses, conference expenses and recruitment expenses.

(Impairment Loss)/Reversal of Impairment Loss on Financial Assets, Net

Our impairment loss/reversal of impairment loss on financial assets, net, primarily represented the expected credit losses or reversal of the expected credit losses on our trade and other receivables and prepayments, other receivables and other assets. Our impairment loss on financial assets, net, amounted to RMB15.1 million, RMB0.8 million, RMB1.9 million, and RMB2.3 million in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively. We recorded net reversal of RMB0.04 million in the five months ended May 31, 2025.

Other Expenses

Our other expenses primarily represented (i) donations to local charities, (ii) asset disposal expenses, (iii) store closure expenses, and (iv) impairment of Investments in associates. Our other expenses amounted to RMB7.1 million, RMB8.8 million, RMB10.7 million, RMB4.7 million and RMB3.3 million in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively.

Finance Costs

Our finance costs primarily included (i) interest on bank borrowings, and (ii) interest on lease liabilities. Our finance costs amounted to RMB4.2 million, RMB6.8 million, RMB7.9 million, RMB3.7 million and RMB2.4 million in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively.

Share of Profits and Losses of Associates

We invested in associates, which were primarily engaged in (i) restaurant management, (ii) packaging materials, (iii) meat processing, and (iv) other relevant industries. Our share of profits associates amounted to RMB1.4 million, RMB0.3 million, RMB7.7 million, RMB0.6 million and RMB7.1 million in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively. See "— Discussion of Key Items of Consolidated Statements of Financial Position — Investments in Associates."

Share of Loss of A Joint Venture

We established a joint venture with our business partner in Thailand in 2025 to expand our local market presence. Our share of losses of a joint venture was nil, nil, RMB0.2 million, nil and RMB0.1 million in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively. As we were at the initial stage of business expansion in Thailand, this joint venture was still at a loss-making stage in 2025.

Income Tax Expense

Our income tax expenses amounted to RMB63.8 million, RMB73.4 million, RMB90.5 million, RMB25.8 million and RMB59.0 million in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively. We are subject to income tax on an entity basis on profits arising in or derived from tax jurisdictions in which members of our Group are domiciled and operate.

Under the Law of the PRC on Enterprise Income Tax ("**EIT Law**") and Implementation Regulation of the EIT Law, the EIT rate of our PRC subsidiaries is 25%. Certain of our PRC subsidiaries are qualified as small and micro enterprises by the relevant tax authorities and were entitled to a preferential EIT rate of 5% for the taxable income during the Track Record Period. The statutory rate of Hong Kong profits tax was 16.5% for the Track Record Period on the estimated assessable profits arising in Hong Kong. See Note 11 of the Accountants' Report in Appendix I to this document.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material dispute with any tax authority.

Five Months Ended May 31, 2026 Compared with Five Months Ended May 31, 2025

Revenue

Our total revenue increased by 39.8% from RMB934.0 million in the five months ended May 31, 2025 to RMB1,305.5 million in the five months ended May 31, 2026, primarily due to an increase in revenue from sales of goods.

Our revenue from sales of goods increased by 40.0% from RMB886.4 million in the five months ended May 31, 2025 to RMB1,241.2 million in the five months ended May 31, 2026, primarily due to an increase in the number of our franchised stores to 4,750 as of May 31, 2026.

In addition to products sold to franchisees, the growth of revenue from pre-packaged foods sold to end-customers also contributed to our overall revenue growth, driven by successful expansion of sales through online platforms and through distributors as a result of our marketing efforts and heightened brand awareness.

Our revenue from provision of franchising services increased by 40.3% from RMB45.2 million in the five months ended May 31, 2025 to RMB63.4 million in the five months ended May 31, 2026, primarily in line with the expansion of our franchise network.

Cost of Sales

Our cost of sales increased by 30.3% from RMB717.0 million in the five months ended May 31, 2025 to RMB934.6 million in the five months ended May 31, 2026, which is generally in line with our revenue growth.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 70.9% from RMB217.0 million in the five months ended May 31, 2025 to RMB370.9 million in the five months ended May 31, 2026. Our gross profit margin increased from 23.2% in the five months ended May 31, 2025 to 28.4% in the five months ended May 31, 2026, primarily attributable to an increase in gross profit margin of our sale of goods.

The gross profit of our sale of goods increased by 77.7% from RMB178.4 million in the five months ended May 31, 2025 to RMB317.1 million in the five months ended May 31, 2026. The gross profit margin of our sale of goods increased from 20.1% in the five months ended May 31, 2025 to 25.5% in the five months ended May 31, 2026, primarily due to (i) a decrease in unit raw material cost as a result of decreased market prices of various raw materials, such as pork, as confirmed by CIC, as well as our continual efforts to optimize procurement prices; and (ii) a decrease in per unit labor cost due to our higher production volume that diluted fixed costs per unit and the improvements in our production process that reduced production-related labor costs per unit. These factors led to the overall gross profit margin increase. In addition, the significant increase in gross profit margin of pre-packaged foods sold to end-customers from 10.5% for the five months ended May 31, 2025 to 37.1% for the five months ended May 31, 2026 was also because of the increased revenue contribution from self-operated online stores. Sales through these channels generally carry higher margins because we operate them directly, allowing us to retain a larger share of the sales economics.

The gross profit of our provision of franchise and related services increased by 46.2% from RMB36.4 million in the five months ended May 31, 2025 to RMB53.2 million in the five months ended May 31, 2026. The gross profit margin of our provision of franchise and related services remained relatively stable at 80.5% in the five months ended May 31, 2025 and 83.9% in the five months ended May 31, 2026.

Other Income and Gains

Our other income and gains significantly increased from RMB7.0 million in the five months ended May 31, 2025 to RMB32.8 million in the five months ended May 31, 2026, primarily due to an increase in fair value gain as a result of (i) the increase in fair value of our investments in unlisted companies measured at fair value; and (ii) an increase in gains on financial assets, mainly wealth management products. See discussions of current and non-current financial investments at fair value through profit or loss in "— Discussion of Key Items of Consolidated Statements of Financial Position."

Selling and Marketing Expenses

Our selling and marketing expenses increased by 56.8% from RMB42.1 million in the five months ended May 31, 2025 to RMB66.0 million in the five months ended May 31, 2026, primarily due to an increase in advertising and promotion expenses and employee compensation to support our business growth.

Administrative Expenses

Our administrative expenses increased by 32.2% from RMB91.1 million in the five months ended May 31, 2025 to RMB120.4 million in the five months ended May 31, 2026, primarily due to an increase in employee compensation and share-based payments to support our business growth, as well as an increase in [**REDACTED**] expenses in relation to the [**REDACTED**].

(Impairment Loss)/Reversal of Impairment Loss on Financial Assets, Net

Our impairment loss/reversal of impairment loss on financial assets, net, changed from a net reversal of RMB0.04 million in the five months ended May 31, 2025 to a net impairment loss of RMB2.3 million in the five months ended May 31, 2026, primarily due to the operating performance of two associates to which we made loans, falling short of expectations. In accordance with the principle of prudence, we conducted impairment assessments on the loans to associates, determined that there was recoverability risk in respect of these assets, and made impairment provisions accordingly. See "— Discussion of Key Items of Consolidated Statements of Financial Position — Prepayments, Other Receivables and Other Assets (Current)."

Other Expenses

Our other expenses decreased by 29.8% from RMB4.7 million in the five months ended May 31, 2025 to RMB3.3 million in the five months ended May 31, 2026, primarily due to a decrease in store closure expenses in line with the decrease in the number of store closures.

Finance Costs

Our finance costs decreased by 35.1% from RMB3.7 million in the five months ended May 31, 2025 to RMB2.4 million in the five months ended May 31, 2026, primarily due to a decrease in interest on bank borrowings.

Income Tax Expense

Our income tax expenses significantly increased from RMB25.8 million in the five months ended May 31, 2025 to RMB59.0 million in the five months ended May 31, 2026, primarily due to an increase in profit before tax.

Profit for the Period

As a result of the foregoing, our profit for the period significantly increased from RMB57.1 million in the five months ended May 31, 2025 to RMB157.3 million in the five months ended May 31, 2026.

Year Ended December 31, 2025 Compared with Year Ended December 31, 2024

Revenue

Our revenue increased by 9.1% from RMB2,561.1 million in 2024 to RMB2,795.1 million in 2025, primarily due to an increase in revenue from sales of goods.

Our revenue from sales of goods increased by 9.4% from RMB2,429.4 million in 2024 to RMB2,656.6 million in 2025, primarily due to an increase in revenue from products sold to our franchisees. The increase was primarily due to an increase in the number of our franchised stores. The number of our franchised stores increased from 3,926 as of December 31, 2024 to 4,481 as of December 31, 2025. In addition to products sold to franchisees, the growth of revenue from pre-packaged foods sold to end-customers also contributed to our overall revenue growth, driven by successful expansion of sales through online platforms.

Our revenue from provision of franchising services increased by 13.6% from RMB116.6 million in 2024 to RMB132.5 million in 2025, primarily due to increases in management, technology and training services provided to franchisees, in line with the growth of our franchise network.

Cost of Sales

Our cost of sales increased by 6.3% from RMB1,973.3 million in 2024 to RMB2,098.3 million in 2025, which is generally in line with our revenue growth.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 18.5% from RMB587.8 million in 2024 to RMB696.8 million in 2025. Our gross profit margin increased from 23.0% in 2024 to 24.9% in 2025, primarily due to an increase in gross profit margin of our sale of goods.

The gross profit of our sale of goods increased by 21.7% from RMB477.2 million in 2024 to RMB580.6 million in 2025. The gross profit margin of our sale of goods increased from 19.6% in 2024 to 21.9% in 2025, primarily due to (i) a decrease in unit raw material cost as a result of decreased market prices of various raw materials, such as pork, as confirmed by CIC, as well as our continual efforts to optimize procurement prices; (ii) a decrease in prices of flour due to centralized procurement that enhanced our bargaining power with suppliers; and (iii) a decrease in our per unit labor cost due to our higher production volume that diluted fixed costs per unit and the improvements in our production process that reduced production-related labor costs per unit. These factors led to the overall gross profit margin increase. In addition, the improvement of gross margin of food sold at self-operated stores was also because we closed some self-operated stores that were operating at loss. The increase in the gross profit margin of pre-packaged foods sold to end-customers was also because of a recovery from a low point in 2024. See "— Year Ended December 31, 2024 Compared with Year Ended December 31, 2023 — Gross Profit and Gross Profit Margin."

The gross profit of our provision of franchise and related services increased by 15.3% from RMB96.5 million in 2024 to RMB111.3 million in 2025. The gross profit margin of our provision of franchise and related services remained relatively stable at 82.7% in 2024 and 84.0% in 2025.

Other Income and Gains

Our other income and gains increased by 143.8% from RMB8.9 million in 2024 to RMB21.7 million in 2025, primarily due to (i) a larger fair value gains on financial assets held at the end of the relevant periods. In particular, we invested in an unlisted company at the end of 2024 which contributed to the fair value gains on financial assets in 2025; and (ii) an increase in gain on disposal of financial assets, mainly wealth management products, as we utilized more idle funds to invest in short-term structured deposits in 2025, the subsequent disposal of which resulted in an increase in gains from the disposal. See discussions of current and non-current financial investments at fair value through profit or loss in "— Discussion of Key Items of Consolidated Statements of Financial Position."

Selling and Marketing Expenses

Our selling and marketing expenses remained relatively stable at RMB125.9 million in 2024 and RMB136.9 million in 2025.

Administrative Expenses

Our administrative expenses increased by 16.7% from RMB239.4 million in 2024 to RMB279.3 million in 2025, primarily due to (i) an increase in share-based payments, (ii) an increase in employee compensation, in line with our business growth, and (iii) an increase in [**REDACTED**] expense in relation to the [**REDACTED**].

Impairment Losses on Financial Assets, Net

Our impairment losses on financial assets, net amounted to RMB0.8 million in 2024 and RMB1.9 million in 2025.

Other Expenses

Our other expenses increased by 21.6% from RMB8.8 million in 2024 to RMB10.7 million in 2025, primarily due to an increase in store closure expenses as a result of our strategic decision to cease operating self-operated stores at geographic areas where we have already established presence.

Finance Costs

Our finance costs increased by 16.2% from RMB6.8 million in 2024 to RMB7.9 million in 2025, primarily due an increase in interest on bank borrowings, as we increased bank borrowings to facilitate working capital for our daily operations. See "— Indebtedness."

Income Tax Expense

Our income tax expense increased by 23.3% from RMB73.4 million in 2024 to RMB90.5 million in 2025, which was generally in line with the growth of our profit before tax.

Profit for the Year

As a result of the foregoing, our profit for the period increased by 39.9% from RMB142.0 million in 2024 to RMB198.7 million in 2025.

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

Revenue

Our revenue increased by 26.4% from RMB2,026.1 million in 2023 to RMB2,561.1 million in 2024, primarily attributable to an increase in revenue from sales of goods.

Our revenue from sale of goods increased by 25.4% from RMB1,937.8 million in 2023 to RMB2,429.4 million in 2024, primarily due to an increase in revenue from our franchise business, in line with the increased number of our franchised stores. The number of our franchised stores increased from 3,123 as of December 31, 2023 to 3,926 as of December 31, 2024.

Our revenue from provision of franchising services increased by 32.8% from RMB87.8 million in 2023 to RMB116.6 million in 2024, primarily due to increases in management, technology and training services provided to franchisees, in line with the growth of our franchise network.

Cost of Sales

Our cost of sales increased by 31.5% from RMB1,501.0 million in 2023 to RMB1,973.3 million in 2024, which is generally in line with our revenue growth.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 11.9% from RMB525.2 million in 2023 to RMB587.8 million in 2024. Our gross profit margin decreased from 25.9% in 2023 and 23.0% in 2024, primarily due to a decrease in the gross profit margin of sale of goods.

The gross profit of our sale of goods increased by 4.9% from RMB454.9 million in 2023 to RMB477.2 million in 2024. The gross profit margin of our sale of goods decreased from 23.5% in 2023 to 19.6% in 2024, primarily due to an increase in unit material cost, mainly driven by fluctuations in prices of pork. See "Industry Overview — Overview of China's Dumpling and Wonton Market — Cost Analysis." The fluctuation in raw material prices affected the gross margin of our products sold across all channels. In addition, the gross profit margin for pre-packaged foods sold to end customers was significantly lower in 2024, primarily due to (i) the machine-packaging production line being in its initial ramp-up phase with lower output, resulting in higher per-unit fixed costs; and (ii) promotional pricing and incentives offered to new distributors to expand distribution channels. The gross profit margin for foods sold at our self-operated stores also deteriorated in 2024, mainly because we opened new self-operated stores that year. These new stores operated at negative margins, particularly during the initial ramp-up period following opening.

The gross profit of our provision of franchise and related services increased by 37.7% from RMB70.1 million in 2023 to RMB96.5 million in 2024. The gross profit margin of our provision of franchise and related services remained relatively stable at 79.8% in 2023 and 82.7% in 2024.

Other Income and Gains

Our other income and gains increased by 29.0% from RMB6.9 million in 2023 to RMB8.9 million in 2024, primarily due to an increase in interest income in line with our increased balance of bank deposits.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 63.5% from RMB77.0 million in 2023 to RMB125.9 million in 2024, primarily due to (i) an increase in advertising and promotion expenses, as we increased our investments in brand and product marketing online and offline. In 2024, we conducted seasonal and thematic promotional activities for core products and enhanced digital marketing efforts to increase customer traffic. In addition, we increased advertising and promotional expenditures in food delivery online platforms to increase our sales through such channels; (ii) an increase in employee compensation, mainly because we increased the number of sales and marketing personnel in line with our business expansion; and (iii) an increase in warehousing and logistic expense, in line with our business growth.

Administrative Expenses

Our administrative expenses increased by 20.2% from RMB199.2 million in 2023 to RMB239.4 million in 2024, primarily due to (i) an increase in share-based payments; and (ii) an increase in employee compensation, mainly because we increased the number of administrative personnel in line with our business expansion.

Impairment Losses on Financial Assets, Net

Our impairment losses on financial assets, net, decreased by 94.7% from RMB15.1 million in 2023 to RMB0.8 million in 2024, primarily because we made impairment losses on other receivables from a third-party payment processing platform in 2023, which encountered a liquidity shortfall and was unable to repay the outstanding amounts payable to us. Based on an assessment of the debtor's financial and operational conditions, we determined that such receivables had become bad debts and made a specific impairment provision of RMB13.2 million in 2023. See "— Discussion of Key Items of Consolidated Statements of Financial Position — Net Current Assets — Prepayments, Other Receivables and Other Assets (Current)."

Other Expenses

Our other expenses remained relatively stable at RMB7.1 million in 2023 and RMB8.8 million in 2024.

Finance Costs

Our finance costs increased by 61.9% from RMB4.2 million in 2023 to RMB6.8 million in 2024, primarily due an increase in interest on lease liabilities as we entered into new leases for self-operated stores, offices, a factory and a warehouse in 2024.

Income Tax Expense

Our income tax expense increased by 15.0% from RMB63.8 million in 2023 to RMB73.4 million in 2024, which was generally in line with the growth of our profit before tax.

Profit for the Year

As a result of the foregoing, particularly the increase in our share-based payments as included in operating expenses, our profit for the year decreased by 15.0% from RMB167.1 million in 2023 to RMB142.0 million in 2024. See "— Non-IFRS Financial Measure."

DISCUSSION OF KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our summary consolidated balance sheet as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Total current assets	446,262	541,509	1,339,054	1,458,689
Total non-current assets	272,089	469,011	531,487	584,785
Total assets	**718,351**	**1,010,520**	**1,870,541**	**2,043,474**
Total current liabilities	349,067	457,660	605,376	583,374
Total non-current liabilities	113,270	111,823	133,309	155,733
Total liabilities	**462,337**	**569,483**	**738,685**	**739,107**
Net current assets	97,195	83,849	733,678	875,315
Net assets	**256,014**	**441,037**	**1,131,856**	**1,304,367**

For details on the accounting treatment of redemption rights of Pre-[**REDACTED**] investments, see Note 30 to the Accountants' Report set out in Appendix I to this document.

Non-Current Assets and Liabilities

The following table sets forth our non-current assets and liabilities as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Non-current assets				
Property, plant and equipment	101,902	125,681	173,057	212,408
Right-of-use assets	99,758	213,720	204,766	192,298
Finance lease receivables	–	1,645	1,768	1,433
Intangible assets	3,860	2,568	1,238	760
Investments in associates	34,677	59,513	69,193	75,833
Financial investments at fair value through profit or loss	2,200	33,256	50,412	74,075
Deferred tax assets	8,829	6,928	5,528	5,337
Prepayments, other receivables and other assets	20,863	25,700	25,525	22,641
Total non-current assets	**272,089**	**469,011**	**531,487**	**584,785**
Non-current liabilities				
Interest-bearing bank borrowings	–	–	50,205	87,314
Lease liabilities	81,825	77,963	70,638	58,036
Deferred income	–	–	1,227	1,091
Deferred tax liabilities	52	177	65	3,958
Contract liabilities	31,393	33,683	11,174	5,334
Total non-current liabilities	**113,270**	**111,823**	**133,309**	**155,733**

Property, Plant and Equipment

Our property, plant and equipment consisted of buildings, plant and machinery, motor vehicles, electronic equipment, office equipment and other equipment, leasehold improvements and construction in progress. Our property, plant and equipment increased by 23.4% from RMB101.9 million as of December 31, 2023 to RMB125.7 million as of December 31, 2024, primarily due to (i) an increase in plant and machinery, mainly as we purchased new machinery and equipment to meet the growing production demand in line with our revenue growth; (ii) an increase in leasehold improvements, mainly due to the renovation for our new self-operated stores, offices, factory and warehouses; and (iii) an increase in construction in progress, mainly because we started the construction at our Foshan headquarters. Our property, plant and equipment increased by 37.7% from RMB125.7 million as of December 31, 2024 to RMB173.1 million as of December 31, 2025, and further by 22.7% from to RMB212.4 million as of May 31, 2026, primarily due to the continuous construction of the Foshan Yuanshun factory and the construction of new production lines at our Suzhou Yuen Kee factory, which were still in progress as of December 31, 2025.

Right-of-use Assets

Our right-of-use assets consisted of (i) warehouses, office premises and self-operated stores, and (ii) land use rights. Our right-of-use assets significantly increased from RMB99.8 million as of December 31, 2023 to RMB213.7 million as of December 31, 2024, primarily because we acquired a land use right in 2024 for the subsequent construction of the Foshan Yuanshun factory. See "Business — Our Supply Chain Network — Production Expansion." Our right-of-use assets decreased by 4.2% from RMB213.7 million as of December 31, 2024 to RMB204.8 million as of

December 31, 2025, primarily due to (i) the closure of certain self-operated stores, thereby the termination of relevant leases, and (ii) the ordinary depreciation of right-of-use assets. Our right-of-use assets remained relatively stable at RMB204.8 million as of December 31, 2025 and RMB192.3 million as of May 31, 2026.

Investments in Associates

Our investments in associates represented our share of net assets of our associates. Our investments in associates increased by 71.5% from RMB34.7 million as of December 31, 2023 to RMB59.5 million as of December 31, 2024, primarily because we made new investments in associates in 2024. Our investments in associates increased by 16.3% from RMB59.5 million as of December 31, 2024 to RMB69.2 million as of December 31, 2025, and further by 9.5% to RMB75.8 million as of May 31, 2026, primarily due to an increase in net assets of our associates.

Financial Investments at Fair Value Through Profit or Loss (Non-current)

Our financial investments at fair value through profit or loss (non-current) represented our investments in unlisted companies measured at fair value. In 2023, we invested in a company that is established in the PRC and engaged in the manufacturing of condiments. In 2024, we invested in a company that is established in the PRC and engaged in the meat processing industry. Our financial investments at fair value through profit or loss (non-current) significantly increased from RMB2.2 million as of December 31, 2023 to RMB33.3 million as of December 31, 2024, primarily because of our new investment in 2023 and the increase in the fair value of our investments. Our financial investments at fair value through profit or loss (non-current) increased by 51.4% from RMB33.3 million as of December 31, 2024 to RMB50.4 million as of December 31, 2025 and further by 47.0% to RMB74.1 million as of May 31, 2026, primarily because of the increase in the fair value of our investments.

The following table below sets forth the details of our associates and the companies in which we hold equity shares as financial assets at fair value through profit or loss:

Name	Time of Investment	Background	Shareholding as of May 31, 2026
Associates			
Hunan Hufeng Food Co., Ltd.	March, 2023	Private company engaged in food manufacturing, including meat processing services	35%
Guangdong Zhongyuan Packaging Industrial Co., Ltd.	June, 2023	Private company engaged in the production and sales of packaging materials and related products	42%
Shanghai Zhangfuyuan Big Bowl Noodle Catering Management Co., Ltd.	November, 2023	Private company engaged in restaurant operations, specializing in the preparation and sale of Zhangfuyuan big bowl noodles	20%
Hunan Yuan Xiaojiao Food Group Co., Ltd.	November, 2023	Private company engaged in the preparation and sale of dumpling products	30.3%
Guangdong Yuan Xiao Jiao Supply Chain Management Co., Ltd.	May, 2023	Private company engaged in the preparation and sale of dumpling products	35%
Guangzhou Ayuan Catering Management Co., Ltd.	March, 2024	Private company engaged in restaurant operations, specializing in the preparation and sale of tomato noodle products	45%
Guangzhou Huto Culture Communication Co., Ltd.	April, 2024	Private company engaged in interior and spatial design services	35%
Foshan Wengbao Gong Catering Management Co., Ltd.	June, 2024	Private company engaged in restaurant operations, including the preparation and sale of braised food products	N/A[(1)]
Guangdong Xiecheng Noodles Food Co., Ltd.	August, 2024	Private company engaged in the manufacturing of noodle products, including shrimp roe noodles	49%
Xiamen Miantoushi Brand Management Co., Ltd.	November, 2024	Private company engaged in the production and sale of flour-based food products for the catering industry	25%
Zhaoqing City Dinghu Dadi Soy Sauce Food Co., Ltd.	December, 2024	Private company engaged in the production and operation of condiments and other food products	25%
Guangdong Mingri Fangzhou Brand Management Co., Ltd.	February, 2024	Private company engaged in e-commerce live streaming operations and brand management services	N/A[(2)]
Changsha Fenfu Catering Service Co., Ltd.	November, 2025	Private company engaged in restaurant operations, including the preparation and sale of rice and noodle products	35%
Financial assets at fair value through profit or loss			
Shandong Yipin Weixiang Food Sci-Tech Co., Ltd.	September, 2023	Private company engaged in the production and sales of condiments	5.01%
Bayan Wanrun Meat Processing Co., Ltd.	November, 2024	Private company engaged in meat processing and specialized in agricultural product sales services	10.0%

Notes:

(1) The company was deregistered in February, 2026 following a strategic review of its financial and operational performance.

(2) The company was deregistered in March, 2025 following a strategic review of business priorities and return on investment.

We have implemented a comprehensive set of internal policies to monitor and control investment risks associated with our investments, including our investments in associates and financial assets at fair value through profit or loss (which may include investments in unlisted companies and wealth management products. See "— Financial Investments at Fair Value Through Profit or Loss (Current)"). Under our internal policies, any proposals for investments in wealth management products and other companies must receive approval before implementation from the board of Directors and general manager, and are under the management of our general manager. To ensure disciplined execution, an investment decision committee reviews project feasibility, returns and risks before submitting a project investment proposal for approval. Additionally, where physical or intangible assets are involved, such assets shall be subject to audit and valuation by qualified audit and appraisal institutions.

For investments in wealth management products, we primarily invest in those with high liquidity and security. Specifically, we are only allowed by our internal policies and guidelines to invest in structured deposits or certificates of deposit that carry low risk labels, with a term of no more than three months. For investments in other companies, we typically pursue investments that align with our long-term strategic objectives and enhance our competitive position.

We maintain comprehensive financial records and detailed accounting for all external investments, establishing separate ledgers for each investing project in compliance with applicable accounting standards. For investments in other companies, we obtain financial statements from invested companies, monitor key operating indicators and conduct periodic financial analysis, including annual reviews and risk assessments in a regular basis. Any material investment risks identified must be promptly reported to the board or Directors and addressed through appropriate mitigation measures. After [**REDACTED**], our investments in financial products will be subject to compliance with Chapter 14 of the Listing Rules.

Prepayments, Other Receivables and Other Assets (Non-current)

Our prepayments, other receivables and other assets (non-current) mainly consisted of (i) long-term receivables due from related parties, primarily representing loans we made to certain related parties to support their daily operations. These related parties were at early stages of development and we provided the loans to help with their working capital needs. See Note 35(c) to the Accountants' Report included in Appendix I to this document and "— Related Party Transaction;" (ii) long-term deposits and other receivables, primarily representing deposits for long-term leases; and (iii) other non-current assets, primarily representing equipment for our production bases and warehouses for which we have made prepayments. Our prepayments, other receivables and other assets (non-current) amounted to RMB20.9 million, RMB25.7 million, RMB25.5 million and RMB22.6 million as of December 31, 2023, 2024, 2025 and May 31, 2026, respectively. See Note 22 to the Accountants' Report set out in Appendix I to this document.

Our prepayments, other receivables and other assets (non-current) increased by 23.0% from RMB20.9 million as of December 31, 2023 to RMB25.7 million as of December 31, 2024, primarily due to an increase in long-term receivables from related parties rising from loans we made to an associate in 2024 to support its daily operations. This increase was partially offset by a decrease in other non-current assets, primarily due to the delivery of equipment for which we had made prepayments. Our prepayments, other receivables and other assets (non-current) remained relatively stable at RMB25.7 million as of December 31, 2024 and RMB25.5 million as of December 31, 2025, primarily because of an increase in prepayments for long-term assets, mainly the equipment for use in our new factories, partially offset by a decrease in loan to related parties as a portion of such loan to related parties had been reclassified from non-current liabilities to current liabilities. Our prepayments, other receivables and other assets (non-current) subsequently decreased by 11.4% from RMB25.5 million as of December 31, 2025 to RMB22.6 million as of May 31, 2026, primarily due to the transfer of prepayments for fixed asset equipment and other long-term assets to non-current assets upon their installation at the Chengdu Yuantuo and Suzhou Yuen Kee factories.

As advised by our PRC Legal Advisor, because the General Lending Provision of the PRC are formulated to regulate the operation of loan business by domestic financial institutions, and our Group is not a domestic financial institution, the General Lending Provision is not applicable to the loans to our related parties.

Net Current Assets

The following table sets forth our current assets and liabilities as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Current assets				
Inventories	60,984	71,908	88,365	94,628
Trade receivables	25,785	50,124	66,976	65,141
Prepayments, other receivables and other assets	32,942	59,216	74,281	85,325
Finance lease receivables	–	414	834	834
Financial investments at fair value through profit or loss	–	–	–	400,260
Cash and bank balances	326,551	359,847	1,108,598	812,501
Total current assets	**446,262**	**541,509**	**1,339,054**	**1,458,689**
Current liabilities				
Trade payables	63,354	90,762	130,038	118,631
Interest-bearing bank borrowings	40,025	95,340	110,115	72,414
Contract liabilities	64,545	74,125	87,998	72,159
Other payables and accruals	142,421	143,321	223,301	262,804
Lease liabilities	17,851	31,264	31,956	32,039
Tax payables	20,871	22,848	21,968	25,327
Total current liabilities	**349,067**	**457,660**	**605,376**	**583,374**
Net current assets	**97,195**	**83,849**	**733,678**	**875,315**

Our net current assets increased by 19.3% from RMB733.7 million as of December 31, 2025 to RMB875.3 million as of May 31, 2026, primarily due to an increase in financial assets at fair value through profit or loss (current) from nil as of December 31, 2025 to RMB400.3 million as of May 31, 2026, partially offset by a decrease in cash and bank balances from RMB1,108.6 million as of December 31, 2025 to RMB812.5 million as of May 31, 2026.

Our net current assets increased from RMB83.8 million as of December 31, 2024 to RMB733.7 million as of December 31, 2025, primarily due to an increase in cash and bank balances from RMB359.8 million as of December 31, 2024 to RMB1,108.6 million as of December 31, 2025. The increase was partially offset by (i) an increase of other payables and accruals from RMB143.3 million as of December 31, 2024 to RMB223.3 million as of December 31, 2025; and (ii) an increase in trade payables from RMB90.8 million as of December 31, 2024 to RMB130.0 million as of December 31, 2025.

Our net current assets decreased by 13.8% from RMB97.2 million as of December 31, 2023 to RMB83.8 million as of December 31, 2024, primarily due to (i) an increase in interest-bearing bank borrowings from RMB40.0 million as of December 31, 2023 to RMB95.3 million as of December 31, 2024; (ii) an increase in trade payables from RMB63.4 million as of December 31, 2023 to RMB90.8 million as of December 31, 2024; and (iii) an increase in lease liabilities (current) from RMB17.9 million as of December 31, 2023 to RMB31.3 million as of December 31, 2024. The

decrease was partially offset by (i) an increase in prepayments, other receivables and other assets (current) from RMB32.9 million as of December 31, 2023 to RMB59.2 million as of December 31, 2024; (ii) an increase in trade receivables from RMB25.8 million as of December 31, 2023 to RMB50.1 million as of December 31, 2024; and (iii) an increase in cash and bank balances from RMB326.6 million as of December 31, 2023 to RMB359.8 million as of December 31, 2024.

Inventories

Our inventories consisted of finished goods, raw materials, goods shipped in transit and impairment allowance. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Finished goods	37,863	49,823	58,817	64,422
Raw materials	18,061	22,891	17,177	18,524
Goods shipped in transit	5,569	5,492	12,960	12,396
Impairment allowance	(509)	(6,298)	(589)	(714)
Total	**60,984**	**71,908**	**88,365**	**94,628**

Our inventories increased by 17.9% from RMB61.0 million as of December 31, 2023 to RMB71.9 million as of December 31, 2024, primarily in line with our revenue growth. The impairment allowance significantly increased from RMB0.5 million as of December 31, 2023 to RMB6.3 million as of December 31, 2024, primarily because we decreased the sales price of our products to franchisees at the end of 2024 to a level lower than our costs of sales in order to support our franchisees. Our inventories increased by 22.9% from RMB71.9 million as of December 31, 2024 to RMB88.4 million as of December 31, 2025, primarily in line with our business growth. In particular, our inventory of raw materials decreased as of December 31, 2025 compared to December 31, 2024, primarily due to the fluctuations in market prices of various raw materials such as pork. Goods shipped in transit significantly increased as of December 31, 2025 compared to December 31, 2024, primarily due to higher average daily outbound shipments driven by increased daily sales volume. Our inventories remained relatively stable at RMB88.4 million as of December 31, 2025 and RMB94.6 million as of May 31, 2026.

The following table sets forth the aging analysis of our inventories as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Within 1 month	55,892	66,151	83,564	84,191
1 to 3 months	2,916	4,870	3,984	6,327
3 to 6 months	1,706	598	489	3,763
6 months to 1 year	470	289	328	347
Total	**60,984**	**71,908**	**88,365**	**94,628**

We calculate inventory turnover days using the average of opening balance and closing balance of inventories for a year/period divided by cost of sales for the relevant year/period and multiplied by 360/150 days. Our inventory turnover days decreased from 15.5 days in 2023 to 12.1 days in 2024, primarily because (i) the prices of pork increased in 2024, leading to a significant increase in cost of sales that outpaced the growth of average inventory balances; and (ii) we recognized an inventory write-down of RMB6.2 million in 2024 as discussed above. Our inventory turnover days increased from 12.1 days in 2024 to 13.7 days in 2025, primarily because we strategically increased our inventory levels to cope with the expected increase in customer demand. Our inventory turnover days remained relatively stable at 13.7 days in 2025 and 14.7 days in the five months ended May 31, 2026.

Trade Receivables

Our trade receivables primarily represented receivables from customers for goods and services. Our trade receivables amounted to RMB25.8 million, RMB50.1 million, RMB67.0 million and RMB65.1 million as of December 31, 2023, 2024, 2025 and May 31, 2026, respectively. See Note 24 to the Accountants' Report set out in Appendix I to this document.

We generally require our franchisees and individual consumers to pay upfront. We settle transportation expenses with our franchisees on a monthly basis. During the Track Record Period, we gave certain franchisees credit terms. For our distributors, we may grant credit terms on a case-by-case basis, taking into consideration factors such as cooperation history and evaluation of credit standing.

Our trade receivables increased by 94.2% from RMB25.8 million as of December 31, 2023 to RMB50.1 million as of December 31, 2024, primarily because the number of franchisees to whom we granted credit terms increased and the transportation expenses receivables due from our franchisees increased in line with our store network expansion. Our trade receivables increased by 33.7% from RMB50.1 million as of December 31, 2024 to RMB67.0 million as of December 31, 2025, primarily because of the increase in sales through distributors and online platforms to which we granted credit terms. Our trade receivables remained relatively stable at RMB67.0 million as of December 31, 2025 and RMB65.1 million as of May 31, 2026.

The following table sets forth the aging analysis of our trade receivables as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Within 1 month	17,908	33,237	44,384	42,791
1 to 3 months	7,691	13,508	19,120	13,474
3 to 6 months	11	3,163	2,699	7,554
6 months to 1 year	63	216	731	1,312
Over 1 year	112	–	42	10
Total	**25,785**	**50,124**	**66,976**	**65,141**

We calculate trade receivables turnover days using the average of opening balance and closing balance of trade receivables for a year/period divided by revenue for the relevant year/period and multiplied by 360/150 days. Our trade receivables turnover days increased from 2.8 days in 2023 to 5.3 days in 2024 and subsequently remained relatively stable at 7.5 days in 2025 and 7.6 days in the five months ended May 31, 2026.

Considering the relatively short turnover days for trade receivables, the significant proportion of receivables aged less than three months, and the substantial subsequent settlement of these amounts, the Company is of the view that there are no concerns regarding the recoverability of our trade receivables.

Prepayments, Other Receivables and Other Assets (Current)

Our prepayments, other receivables and other assets (current) mainly consisted of (i) prepayments, primarily representing prepayments we made for goods and other services we procured; (ii) short-term deposits and other receivables, primarily representing deposits for leases and production equipment; (iii) short-term receivables due from related parties. Note 35(c) to the Accountants' Report included in Appendix I to this document and "— Related Party Transaction;" (iv) recoverable value added tax; (v) loans to associates and a joint venture we made to support their daily operations. See "— Related Party Transactions;" (vi) other receivables from the platforms, mainly representing receivables from a third-party payment processing platform; and (vii) other current assets, primarily including social insurance and housing provident fund advanced on behalf of employees. Our prepayments, other receivables and other assets (current) amounted to RMB32.9 million, RMB59.2 million, RMB74.3 million and RMB85.3 million as of December 31, 2023, 2024, 2025 and May 31, 2026, respectively. See Note 22 to the Accountants' Report set out in Appendix I to this document.

Our prepayments, other receivables and other assets increased by 79.9% from RMB32.9 million as of December 31, 2023, to RMB59.2 million as of December 31, 2024, primarily due to an increase in recoverable value added tax, mainly because the VAT invoices received at the end of 2024 were not declared deducted for VAT invoices until early 2025, resulting in an increase in input VAT pending deduction and certification in 2024. Our prepayments, other receivables and other assets increased by 25.5% from RMB59.2 million as of December 31, 2024 to RMB74.3 million as of December 31, 2025, primarily due to (i) an increase in receivables due from related parties reclassified from non-current asset to current asset due to the passage of time; and (ii) an increase in prepayments, mainly as we increased purchases of raw materials which required prepayments to lock in the procurement price and quantities. Our prepayments, other receivables and other assets further increased by 14.8% from RMB74.3 million as of December 31, 2025 to RMB85.3 million as of May 31, 2026, primarily due to an increase in prepayments, mainly as we increased purchases of pork and other raw materials which required prepayments to lock in the procurement price and quantities.

Financial Investments at Fair Value Through Profit or Loss (Current)

We purchase wealth management products from time to time to manage our working capital. See Note 19 to the Accountants' Report set out in Appendix I to this document and "— Financial Investments at Fair Value Through Profit or Loss (Non-current)." We had a balance of RMB400.3 million of financial investments at fair value through profit or loss (current), representing wealth management products we purchased in 2026 and were holding as of the date indicated.

Cash and Bank Balances

Cash and bank balances consisted of (i) cash and cash equivalents, representing our most liquid assets; (ii) restricted cash, comprising (a) cash required by banks for issuing commercial bills, (b) cash required for holding the prepayments we received from individual consumers under our membership top-up program, and (c) cash restricted for the purchase of wealth management

products; and (iii) time deposits, which are of high liquidity and are unrestricted for withdrawal or use and have maturities of one year or less. Our cash and bank balances increased by 10.2% from RMB326.6 million as of December 31, 2023 to RMB359.8 million as of December 31, 2024, mainly due to (i) an increase in cash and cash equivalents; and (ii) an increase in restricted cash as we launched our membership top-up program in 2024 and received prepayments from individual consumers. Our cash and bank balances significantly increased from RMB359.8 million as of December 31, 2024 to RMB1,108.6 million as of December 31, 2025, primarily due to (i) an increase in cash and cash equivalents; and (ii) an increase in restricted cash mainly as a result of (a) the establishment of a security deposit account for payment in relation to our construction in progress, and (b) the increase in balances of prepayments made by our members under the membership top-up program. Our cash and bank balances decreased by 26.7% from RMB1,108.6 million as of December 31, 2025 to RMB812.5 million as of May 31, 2026, primarily due to a decrease in cash and cash equivalents, partially offset by (i) an increase in restricted cash, mainly attributable to (a) the increase of security deposit for payment in relation to our construction in progress, and (b) the increase in balances of prepayments made by our members under the membership top-up program; and (ii) a balance of time deposits that had not matured as of May 31, 2026.

Trade Payables

Our trade payables primarily represented procurement amount to be paid to our suppliers. We generally settle payments with our suppliers within 10 days upon receiving invoice.

Our trade payables increased by 43.2% from RMB63.4 million as of December 31, 2023 to RMB90.8 million as of December 31, 2024, and increased by 43.2% to RMB130.0 million as of December 31, 2025, in line with our revenue growth. Our trade payables subsequently remained relatively stable at RMB118.6 million as of May 31, 2026. Our trade payables are all aged within six months.

We calculate trade payables turnover days using the average of opening balance and closing balance of trade payables for a year/period divided by cost of sales used for the relevant year/period and multiplied by 360/150 days. Our trade payables turnover days remained relatively stable at 13.7 days in 2023 and 14.1 days in 2024. Our trade payables turnover days increased from 14.1 days in 2024 to 18.9 days in 2025, primarily as we made relatively larger purchases of raw materials to lock in favorable purchase prices. Our trade payables turnover days subsequently remained relatively stable at 20.0 days in the five months ended May 31, 2026.

Other Payables and Accruals

Our other payables and accruals consisted of (i) payroll and welfare payable, mainly representing compensation to be paid to our employees, (ii) accruals and other payables, mainly representing expenses to be paid, (iii) prepayments received for prepaid card, mainly representing prepayments made by individual consumers under our membership top-up program which we have the obligation to repay once consumers requested pursuant to the terms of our membership top-up program, (iv) investment consideration payables, (v) other tax payable, and (vi) deposits payable, mainly representing deposits made by franchisees pursuant to franchise agreement terms.

The following table sets out a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Payroll and welfare payable	36,987	25,668	52,848	36,192
Accruals and other payables	9,867	9,596	39,339	29,246
Prepayments received for prepaid card	–	8,232	11,307	64,697
Investment consideration payables	14,000	7,000	13,212	13,331
Other tax payable	12,260	5,973	13,798	19,855
Deposits payable	69,307	86,852	92,797	99,483
Total	**142,421**	**143,321**	**223,301**	**262,804**

Our other payables and accruals remained relatively stable at RMB142.4 million as of December 31, 2023 and RMB143.3 million as of December 31, 2024, primarily attributable to (i) an increase in deposits payable as the number of franchised stores increased in 2024; and (ii) an increase in prepayments received for prepaid card as we launched the membership top-up program in 2024. These increases were partially offset by (i) a decrease in payroll and welfare payable, mainly as we reduced the year-end bonus to our employees; and (ii) a decrease in investment consideration payables, as we paid certain balances in 2024.

Our other payables and accruals then increased by 55.8% from RMB143.3 million as of December 31, 2024 to RMB223.3 million as of December 31, 2025, primarily due to (i) an increase in accruals and other payables, mainly in relation to the fees and expenses for our construction in progress of the Foshan Yuanshun factory. See "Business — Our Supply Chain Network — Production Expansion;" and (ii) an increase in payroll and welfare payable, mainly attributable to year-end bonuses granted to incentivize and reward our employees for meeting the sales targets.

Our other payables and accruals further increased by 17.7% from RMB223.3 million as of December 31, 2025 to RMB262.8 million as of May 31, 2026, primarily due to an increase in prepayments received for prepaid card, mainly attribute to the continual development of our membership top-up program.

Contract Liabilities (Current and Non-current)

Our contract liabilities (current and non-current portions) were in relation to the prepayments and fees we received from franchisees for our goods and services. Our contract liabilities (current and non-current portions) increased by 12.4% from RMB95.9 million as of December 31, 2023 to RMB107.8 million as of December 31, 2024, primarily in line with our business growth. Our contract liabilities (current and non-current portions) remained relatively stable at RMB107.8 million as of December 31, 2024 and RMB99.2 million as of December 31, 2025. Our contract liabilities (current and non-current portions) decreased by 21.9% from RMB99.2 million as of December 31, 2025 to RMB77.5 million as of May 31, 2026, primarily due to the timing of orders placed by our franchisees and the dispatch and delivery of our products to their stores, which affected the amount of consideration received in advance for which revenue had not yet been recognized.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from proceeds from our business operations, equity holder contributions and bank loans. After the [**REDACTED**], we intend to finance our future capital requirements through cash generated from our business operations and the [**REDACTED**] from the [**REDACTED**]. We do not anticipate any changes to the availability of financing to fund our operations in the future.

Consolidated Statements of Cash Flow

The following table sets forth a summary of our cash flows for the years/periods indicated:

	Year ended December 31,			Five Months ended May 31,	
	2023	2024	2025	2025	2026
	(RMB in thousands)			*(Unaudited)*	
Net cash flows from operating activities	246,080	234,264	371,131	54,436	108,875
Net cash flows used in investing activities	(90,213)	(238,601)	(93,473)	(113,211)	(481,068)
Net cash flows from/(used in) financing activities	51,534	28,815	464,577	196,708	(19,504)
Net increase/(decrease) in cash and cash equivalents	**207,401**	**24,478**	**742,235**	**137,933**	**(391,697)**
Cash and cash equivalents at beginning of year/period	119,150	326,551	351,033	351,033	1,093,258
Effect of foreign exchange rate changes, net	–	4	(10)	135	(263)
Cash and cash equivalents at end of year/period	**326,551**	**351,033**	**1,093,258**	**489,101**	**701,298**

Net Cash Flow from Operating Activities

In the five months ended May 31, 2026, our net cash flows from operating activities were RMB108.9 million, which represents our profit before tax of RMB216.3 million, as adjusted by (i) non-cash items, primarily comprising of share-based payments of RMB17.4 million and depreciation of items of property, plant and equipment of RMB16.1 million; and (ii) movements in working capital, primarily comprising an increase in other payables and accruals of RMB29.2 million, as partially offset by tax paid of RMB51.6 million.

In 2025, our net cash flows from operating activities were RMB371.1 million, which represents our profit before tax of RMB289.2 million, as adjusted by (i) non-cash items, primarily comprising of (a) share-based payments of RMB56.5 million, (b) depreciation of property, plant and equipment of RMB37.6 million; and (ii) movements in working capital, primarily comprising of an increase in other payables and accruals of RMB65.5 million, as partially offset by tax paid of RMB90.1 million.

In 2024, we had net cash flows from operating activities of RMB234.3 million, which represents our profit before tax of RMB215.4 million, as adjusted by (i) non-cash items, primarily comprising of (a) share-based payments of RMB38.1 million, (b) depreciation and impairment of items of property, plant and equipment of RMB35.5 million, and (c) depreciation of right-of-use

assets of RMB27.6 million; and (ii) movements in working capital, primarily comprising of an increase in trade payables of RMB27.4 million, as partially offset by (a) tax paid of RMB69.4 million; (b) an increase in prepayments, other receivables and other assets of RMB25.8 million; and (c) an increase in trade receivables of RMB24.5 million.

In 2023, we had net cash flows from operating activities of RMB246.1 million, which represents our profit before tax of RMB230.9 million, as adjusted by (i) non-cash items, primarily comprising of depreciation and impairment of items of property, plant and equipment of RMB24.8 million; and (ii) movements in working capital, primarily comprising of an increase in contract liabilities of RMB33.8 million, as partially offset by tax paid of RMB51.0 million.

Net Cash Flows used in Investing Activities

In the five months ended May 31, 2026, our net cash flows used in investing activities were RMB481.1 million, which was primarily attributable to purchase of structured deposits and wealth management products of RMB1,176.0 million and purchase of items of property, plant and equipment of RMB41.9 million, partially offset by proceeds from disposal of structured deposits and wealth management products of RMB778.3 million.

In 2025, our net cash flows used in investing activities were RMB93.5 million, which was primarily attributable to (i) purchase of structured deposits and wealth management products of RMB1,915.3 million; and (ii) purchase of items of property, plant and equipment of RMB89.2 million, partially offset by proceeds from disposal of structured deposits and wealth management products of RMB1,918.0 million.

In 2024, our net cash flows used in investing activities was RMB238.6 million, which was primarily attributable to (i) purchase of structured deposits and wealth management products of RMB420.0 million; and (ii) purchase of items of land use rights of RMB111.3 million, partially offset by proceeds from disposal of structured deposits and wealth management products of RMB420.7 million.

In 2023, our net cash flows used in investing activities was RMB90.2 million, which was primarily attributable to (i) purchase of structured deposits and wealth management products of RMB280.0 million; and (ii) purchase of items of property, plant and equipment of RMB67.5 million, partially offset by proceeds from disposal of structured deposits and wealth management products RMB280.6 million.

Net cash flows from/(used in) financing activities

In the five months ended May 31, 2026, our net cash flows used in financing activities were RMB19.5 million, which was primarily attributable to repayment of bank borrowings of RMB100.0 million and repayment of lease liabilities of RMB15.4 million, partially offset by new bank borrowings of RMB99.6 million.

In 2025, our net cash flows from financing activities were RMB464.6 million, which was primarily attributable to (i) issuance of shares of RMB430.0 million; and (ii) new bank borrowings of RMB279.7 million, partially offset by (i) repayment of bank borrowings of RMB214.8 million; and (ii) repayment of lease liabilities of RMB30.6 million.

In 2024, our net cash flows from financing activities were RMB28.8 million, primarily attributable to new bank borrowings of RMB145.5 million, partially offset by (i) repayment of bank borrowings of RMB90.2 million; and (ii) repayment of lease liabilities of RMB28.6 million.

In 2023, our net cash flows from financing activities were RMB51.5 million, primarily attributable to (i) new bank borrowings of RMB40.0 million; and (ii) capital injection of RMB39.6 million, partially offset by repayment of lease liabilities of RMB18.3 million.

INDEBTEDNESS

As of December 31, 2023, 2024, 2025, and May 31, 2026, our indebtedness included bank borrowings and lease liabilities. As of May 31, 2026, our committed unutilized banking facilities, notes and letter of credit amounted to RMB602.7 million. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Current:				
Lease liabilities	17,851	31,264	31,956	32,039
Interest-bearing bank borrowings	40,025	95,340	110,115	72,414
Non-current:				
Lease liabilities	81,825	77,963	70,638	58,036
Interest-bearing bank borrowings	–	–	50,205	87,314
Total	**139,701**	**204,567**	**262,914**	**249,803**

Lease Liabilities

As of December 31, 2023, 2024, 2025, and May 31, 2026, our lease liabilities (including current and non-current portions) amounted to RMB99.7 million, RMB109.2 million, RMB102.6 million, and RMB90.1 million, respectively.

Our lease liabilities (including current and non-current portions) increased by 9.5% to RMB99.7 million as of December 31, 2023 to RMB109.2 million as of December 31, 2024, primarily due to the addition of new leases for self-operated stores, offices, a factory and a warehouse in 2024, partially offset by rent payments and early terminations of certain leases. Our lease liabilities decreased by 6.0% from RMB109.2 million as of December 31, 2024 to RMB102.6 million as of December 31, 2025, primarily due to the ordinary passage of lease terms and the early termination of certain leases. Our lease liabilities decreased by 12.2% from RMB102.6 million as of December 31, 2025 to RMB90.1 million as of May 31, 2026, primarily due to the ordinary passage of lease terms and the early termination of certain leases.

Interest-bearing Bank Borrowings

As of December 31, 2023, 2024, 2025, and May 31, 2026, our interest-bearing bank borrowings amounted to RMB40.0 million, RMB95.3 million, RMB160.3 million, and RMB159.7 million, respectively.

Our interest-bearing bank borrowings significantly increased from RMB40.0 million as of December 31, 2023 to RMB95.3 million as of December 31, 2024, primarily because we incurred new commercial bank borrowings in 2024. Such borrowings were mainly short-term in nature with maturities of less than one year and were for the purpose of meeting our production and operating cashflow needs. Our interest-bearing bank borrowings increased by 68.2% from RMB95.3 million as of December 31, 2024 to RMB160.3 million as of December 31, 2025, primarily because prior to the completion of our Series B and Series B+ financing in the second half of 2025, we obtained additional short-term bank borrowings to support business operations and the construction of a new production facility. Our interest-bearing bank borrowings remained relatively stable at RMB160.3 million as of December 31, 2025 and RMB159.7 million as of May 31, 2026. The effective interest rate of our bank borrowings during the Track Record Period ranged from 1.45% to 2.75%. See Note 27 to the Accountants' Report included in Appendix I to this document.

No Other Outstanding Indebtedness

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and that our Group did not experience any difficulty in obtaining bank loans and other borrowings, material default in payment of trade and non-trade payables, bank loans and other borrowings or breach of covenants during the Track Record Period and up to the date of this document.

Except as disclosed above, as of May 31, 2026, being the most recent practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our directors have confirmed that there has been no material change in our indebtedness from May 31, 2026 to the date of this document.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024, 2025, and May 31, 2026, we did not have any material contingent liabilities.

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures primarily consisted of (i) purchase of items of property, plant and equipment, (ii) purchase of intangible assets, and (iii) purchases of and prepayments for right-of-use assets — land use rights. We funded the expenditures mainly with cash generated from equity financing, debt financing and business operations. The following table sets forth our capital expenditure for the years/periods indicated:

	Year ended December 31,			Five Months ended May 31,	
	2023	2024	2025	2025	2026
	(RMB in thousands)				
				(Unaudited)	
Purchase of items of property, plant and equipment	(67,505)	(63,941)	(89,247)	(24,586)	(41,942)
Purchase of intangible assets	(3,036)	(626)	–	–	–
Purchase of items of land use rights	–	(111,250)	(90)	–	–
Total	**(70,541)**	**(175,817)**	**(89,337)**	**(24,586)**	**(41,942)**

Following the [**REDACTED**], we will continue to incur capital expenditures to grow our business. We plan to fund our planned capital expenditures primarily with cash flows generated from our operations, bank borrowings, and the [**REDACTED**] received from the [**REDACTED**]. See "Future Plans and Use of [**REDACTED**]." We may adjust our capital expenditures for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

In 2023, 2024, 2025 and the five months ended May 31, 2026, our capital commitments were RMB4.0 million, RMB2.3 million, RMB143.1 million and RMB125.5 million, respectively, which comprised of contracted, but not provided for purchase of property, plant and equipment.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time during our ordinary course of business and in terms comparable to the terms of transactions with other entities that are not related parties. There is no material difference in the pricing and credit terms of our purchase transactions with such related parties compared those with other independent third-party suppliers. For example, we seek quote from independent third party suppliers on a regular basis, ensuring that the pricing terms with related parties are not prejudicial to our interest. We are typically granted credit terms of one month, calculated from the date of delivery of goods to the date of invoice issuance, and we generally settle payments with our suppliers, including both related parties and independent third parties, within 10 days of receiving the invoice. See "Connected Transactions — Our Connected Transactions" and " Discussion of Key Items of Consolidated Statements of Financial Position — Trade Payables."

Furthermore, there were amounts due from related parties as of December 31, 2023, 2024, 2025 and May 31, 2026 of non-trade nature, which amounted to RMB3.5 million, RMB13.5 million, RMB17.6 million and RMB12.9 million, respectively, recorded as loans to associates and a joint venture under prepayments, other receivables and other assets. Such amounts were unsecured. The majority of these amounts was interest-bearing at a rate of 3% to 3.45% and the rest was interest-free. Such amounts were made to our related parties to support their daily operations. We expect to settle these amounts prior to the Listing. See "— Discussion of Key Items of Consolidated Statements of Financial Position — Non-current Assets and Liabilities — Prepayments, Other receivables and Other assets (Non-current)", "— Discussion of Key Items of Consolidated Statements of Financial Position — Net Current Assets — Prepayments, Other receivables and Other assets (Current)" and Note 35(c) to the Accountants' Report included in Appendix I to this document.

In addition, there were amounts due to related parties as of December 31, 2023, 2024, 2025 and May 31, 2026 of non-trade nature, which amounted to RMB15.2 million, RMB8.0 million, RMB7.9 million and RMB7.3 million, respectively, recorded under other payables and accruals. Such amounts were unsecured and interest-free. We expect to settle these amounts prior to the [**REDACTED**]. We expect to settle these amounts prior to the Listing. See "— Discussion of Key Items of Consolidated Statements of Financial Position — Net Current Assets — Other Payables and Accruals" and Note 35(c) to the Accountants' Report included in Appendix I to this document.

Our Directors are of the view that our related party transactions during the Track Record Period were conducted in the ordinary course of business at arm's length with reference to normal commercial terms, and would not distort our track record results or make our historical results not reflective of our future performance.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the years/periods indicated:

	As of/For the Year ended December 31,			As of/For the Five Months ended May 31,
	2023	2024	2025	2026
Gross profit margin[(1)]	25.9%	23.0%	24.9%	28.4%
Current ratio[(2)]	1.3	1.2	2.2	2.5
Quick ratio[(3)]	1.1	1.0	2.1	2.3
Gearing ratio[(4)]	15.6%	21.6%	14.2%	12.2%
Adjusted net profit margin (non-IFRS measure)[(5)]	8.8%	7.0%	9.4%	14.1%

Notes: (1) Gross profit margin equals gross profit for the year/period divided by revenue for the same year/period, multiplied by 100%. (2) Current ratio equals total current assets as of the end of the year/period divided by total current liabilities as of the same date. (3) Quick ratio equals total current assets less inventories as of the end of the year/period divided by total current liabilities as of the same date. (4) Gearing ratio equals total debt, namely our interest-bearing bank borrowings, as of the end of the year/period divided by total equity as of the same date, multiplied by 100%. (5) Adjusted net profit margin (non-IFRS measure) equals adjusted net profit (non-IFRS measure) for the year/period divided by revenue for the same year/period, multiplied by 100%.

Our gross profit margin slightly fluctuated during the Track Record Period. See "— Period-to-Period Comparison of Results of Operations."

Our current ratio remained relatively stable at 1.3 as of December 31, 2023 and 1.2 as of December 31, 2024. Our current ratio increased from 1.2 as of December 31, 2024 to 2.2 as of December 31, 2025, primarily because of an increase in total current assets, in particular an increase in cash and bank balances. Our current ratio subsequently remained relatively stable at 2.2 as of December 31, 2025 and 2.5 as of May 31, 2026.

Our quick ratio remained relatively stable at 1.1 as of December 31, 2023 and 1.0 as of December 31, 2024. Our quick ratio increased from 1.0 as of December 31, 2024 to 2.1 as of December 31, 2025, primarily because of an increase in total current assets less inventories, in particular an increase in cash and bank balances. Our quick ratio subsequently remained relatively stable 2.1 as of December 31, 2025 and 2.3 as of May 31, 2026.

Our gearing ratio increased from 15.6% as of December 31, 2023 to 21.6% as of December 31, 2024, primarily because of an increase in interest-bearing bank borrowings. Our gearing ratio decreased from 21.6% as of December 31, 2024 to 14.2% as of December 31, 2025, primarily because of an increase in our equity, in particular reserves. Our gearing ratio decreased from 14.2% as of December 31, 2025 to 12.2% as of May 31, 2026, primarily due to a decrease in interest-bearing bank borrowings.

Our adjusted net profit (non-IFRS measure) fluctuated during the Track Record Period. See "— Non-IFRS Measure."

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

FINANCIAL RISKS DISCLOSURE

Our Group's principal financial instruments comprise financial assets at fair value through profit or loss, cash and cash equivalent and interest-bearing bank borrowings. Our Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from our Group's financial instruments are credit risk and liquidity risk. The management of our Company reviews and agrees policies for managing each of these risks and they are summarized below. See Note 38 of the Accountants' Report in Appendix I to this document.

DIVIDENDS

No dividends have been paid or declared by us during the Track Record Period. We do not have any formal dividend policy nor pre-determined dividend payout ratio. Subject to legal, regulatory, corporate governance and other contractual restrictions, any future declarations and payments of dividends will be at the discretion of our Directors and will depend on our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, and other factors which our Directors consider relevant. Pursuant to our Articles of Association, any future net profit that we make shall be used to pay or declare dividends after our Board has formulated a profit distribution plan and approved by our Shareholders in a general meeting. However, such net profit must be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such statutory common reserve fund has reached more than 50% of our registered capital.

WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into account the [**REDACTED**] from the [**REDACTED**] and the financial resources available to us, including cash and cash equivalents, we have sufficient working capital to cover our present requirements, that is at least 12 months from the date of this document.

DISTRIBUTABLE RESERVES

As of May 31, 2026, our reserves were RMB77.7 million, which represented our distributable reserve as of the same date.

[**REDACTED**] EXPENSES

[**REDACTED**] expenses represent professional fees, [**REDACTED**] commissions and other fees incurred in connection with the [**REDACTED**]. We estimate that our [**REDACTED**] expenses will be approximately RMB[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**] range) and no exercise of the [**REDACTED**]), representing [**REDACTED**] of the gross [**REDACTED**] (based on the mid-point of our indicative price range for the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) of the [**REDACTED**]. During the Track Record Period, we incurred [**REDACTED**] expenses of RMB[**REDACTED**], which was fully charged to the consolidated statements of profit or loss as administrative expenses, and RMB[**REDACTED**] will be recognized as a deduction in equity directly upon the [**REDACTED**]. We expect to incur additional [**REDACTED**] expenses of RMB[**REDACTED**], of which RMB[**REDACTED**] is expected to be recognized in the consolidated statements of profit or loss as administrative expenses and RMB[**REDACTED**] is expected to be recognized as a deduction in equity directly upon the [**REDACTED**]. Our Directors do not expect such expenses to materially impact our results of operations in 2026. By nature, our [**REDACTED**] expenses are composed of (i) [**REDACTED**] related expenses of RMB [**REDACTED**], and (ii) non-[**REDACTED**] related expenses of RMB[**REDACTED**].

UNAUDITED [**REDACTED**] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See "Appendix II — Unaudited [**REDACTED**] Financial Information."

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this document there has been no material adverse change in our financial or trading position or prospects since May 31, 2026, being the end date of the periods reported in Appendix I to this document, and there is no event since May 31, 2026 that would materially affect the information as set out in the Accountants' Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this document, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.